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Special Analysis

CHILE:

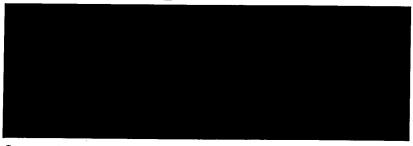
Signs of Growing Insurgent Threat

The insurgent threat is slowly gathering strength as the population reacts against inflation, high unemployment, and official repression. Violent demonstrations will continue to erupt as they have from time to time over the past two years, but guerrilla warfare is unlikely to become a serious problem within the next two years.

With an inflation rate of 25 percent and unemployment officially pegged at 13 percent, a growing number of Chileans live at subsistence levels with little prospect for relief. The government's refusal to permit opposition activity, tolerate a critical press, or change the constitution to hold free elections has provoked recurrent civil disobedience and some terrorism. The radical left is exploiting widespread discontent to build support for its efforts against the regime of President Pinochet.

Radical Left Progress

The Chilean Communist Party with its affiliated terrorist group—the Manuel Rodriguez Patriotic Front—is building a base capable of supporting an armed struggle by recruiting and training new members, acquiring resources, eliciting foreign aid, and developing popular support.



Communist-sponsored terrorism—primarily through the affiliated Patriotic Front—has grown, claiming the lives of police and civilians, as well as causing major power blackouts. The party, moreover, controls or influences a number of front organizations, local help groups, and labor unions.

The government is firmly in control and ready to deal forcefully with subversion. If Pinochet further curtails human rights in response to growing demonstrations, however, some elements of the moderate opposition may lend enough support to the radical left to enable it to organize a full-blown insurgency in the next few years.

